

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

15-7503

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT**

**Year Ended June 30, 2004**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>City of East Jordan DDA</b>	County <b>Charlevoix</b>
Audit Date <b>6/30/04</b>	Opinion Date <b>12/17/04</b>	Date Accountant Report Submitted to State: <b>1/11/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

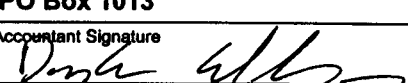
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Douglas Wohlberg, CPA</b>			
Street Address <b>PO Box 1013</b>		City <b>Byron Center</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>49315</b>	Date <b>1/11/05</b>

# City of East Jordan Downtown Development Authority

## Contents

For the year ended June 30, 2004

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	1
Management Discussion and Analysis	5 - 7
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements	
Governmental Funds	
Balance Sheet	12 - 13
Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets	15
Statement of Revenue, Expenditures, and Changes in Fund Balances	16 - 17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Notes to Basic Statements	21 - 27
Required Supplementary Information	
Individual Fund Statements	
Major Governmental Funds	
TIFA Fund	
Balance Sheet	30
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	31
2003 Series A Debt Service Fund	
Balance Sheet	32
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	33
1997 Series A Debt Service Fund	
Balance Sheet	34
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	35
1998 Series A Debt Service Fund	
Balance Sheet	36
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	37
2003 Series B Debt Service Fund	
Balance Sheet	38
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	39

# City of East Jordan Downtown Development Authority

## Contents

For the year ended June 30, 2004

	<u>Page</u>
<b>TIFA Capital Projects Fund</b>	
Balance Sheet	40
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	41
<b>TIFA-MEDC Capital Projects Fund</b>	
Balance Sheet	42
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	43
<b>Other Supplementary Information</b>	
Long-Term Debt	
\$915,000 Downtown Development Bonds, Series 1997A	48
\$785,000 Downtown Development Bonds, Series 1998A	49
\$210,000 Downtown Development Bonds, Series 2003A	50
\$75,000 Downtown Development Bonds, Series 2003B	51
\$85,000 Street Lighting Note	52
<b>Auditors' Reports</b>	
Communication With Audit Committee or Its Equivalent	55
Management Comments Letter	57
Report on Compliance and on Internal Controls Over Financial Reporting Based on and Audit of Financial Statements Performed in Accordance With Government Auditing Standards	59

## INDEPENDENT AUDITORS' REPORT

To the Board  
City of East Jordan Downtown Development Authority  
Charlevoix County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of East Jordan Downtown Development Authority as of and for the year ended June 30, 2004, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of East Jordan Downtown Development Authority management. Our responsibility is to express opinions on these financial statements based on our audit.

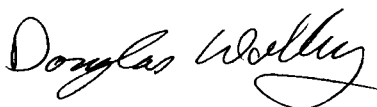
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of East Jordan Downtown Development Authority as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Authority has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of June 30, 2004.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of East Jordan Downtown Development Authority basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Douglas Wohlberg CPA  
Byron Center, Michigan  
December 17, 2004

## MANAGEMENT DISCUSSION AND ANALYSIS

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# City of East Jordan Downtown Development Authority

## Management's Discussion and Analysis

For the year ended June 30, 2004

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Authority's operations in more detail than the government-wide financial statements.

### The Authority as a Whole

The City of East Jordan Downtown Development Authority exists to collect taxes "captured" in the Downtown Development District of East Jordan. These taxes are used to pay administrative expenses and debt service incurred for projects to improve property and infrastructure in the District. The Authority Board is appointed by the City of East Jordan Commission. The Authority is a Component Unit of the City of East Jordan.

The Authority's combined net asset deficit decreased 1% from a year ago - increasing from \$1,456,769 to \$1,440,183. This results from reduction of long-term debt.

In a condensed format, the table below shows a comparison of the net assets (in thousands of dollars) as of the current date to the prior year:

	Governmental Activities
	2004
Current assets	\$ 147,533
Long-term debt outstanding	1,473,770
Other liabilities	113,946
Total liabilities	1,587,716
Net assets	
Restricted	98,400
Unrestricted	(1,538,583)
Total net assets	\$ (1,440,183)

# City of East Jordan Downtown Development Authority

## Management's Discussion and Analysis

For the year ended June 30, 2004

The following table shows the changes of the net assets as of June 30, 2004:

	2004
<b>Program revenues</b>	
Operating grants and contributions	\$ 119,809
<b>General Revenue</b>	
Property tax	217,618
Unrestricted investment income	3,482
Miscellaneous	12,097
<b>Total Revenues</b>	<b>353,006</b>
<b>Program expenses</b>	
Public works	29,402
Community and economic development	98,823
Capital outlay	119,683
Transfers out	5,000
Interest on long-term debt	83,512
<b>Total expenses</b>	<b>336,420</b>
<b>Change in net assets</b>	<b>\$ 16,586</b>

The Authority's net assets continue to remain as expected. The capital assets purchased with the long-term debt is recorded in the financial statements of the City of East Jordan.

### Governmental Activities

The Authority's total governmental revenues decreased by \$165,694, primarily due to lower federal grants for construction.

Expenses decreased by \$195,685 during the year. This again was primarily the result of less construction.

### The Authority's Funds

Our analysis of the Authority's major funds begins on page 12, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, which encompass all of the Authority's funds. The Authority Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Authority's major funds for 2004 include the TIFA Special Revenue Fund, the 1997A, 1998A, 2003A and 2003B Debt Service Funds and the TIFA and TIFA-MEDC Capital Project Funds.

The TIFA Special Revenue Fund collects property taxes "captured" from properties in the Downtown Development District. This money is used to pay administrative expenses of the DDA and is transferred to the Debt Service Funds.



# **City of East Jordan Downtown Development Authority**

## **Management's Discussion and Analysis**

**For the year ended June 30, 2004**

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### **General Fund Budgetary Highlights**

Over the course of the year, the Authority Board amended the budget to take into account events during the year. No significant changes were made to the original budgets.

### **Capital Asset and Debt Administration**

The Authority has invested significantly in capital assets since its inception. Because the Authority will cease to exist when all debt is retired, these capital assets are recorded on the financial statements of the City of East Jordan.

### **Economic Factors and Next Year's Budgets and Rates**

Significant funding for the Authority comes from property taxes "captured" in the Downtown Development District. The Authority has the ability to levy sufficient property tax to make current debt service payments.

With the completion of the Main Street Center project, the Authority has no plans for other significant projects. As a result, Authority wide, activity will be less in the coming year.

### **Contacting the Authority's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact Susan Moreau, the City's Treasurer at 201 Main Street, East Jordan, Michigan 49727, telephone (231) 536-3381.

## GOVERNMENT WIDE FINANCIAL STATEMENTS

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# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

## Statement of Net Assets

For the year ended June 30, 2004

	Governmental activities
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 147,533
<b><u>LIABILITIES</u></b>	
Accrued and other liabilities	\$ 400
Interfund balances	136
Due within one year	113,410
Due in more than one year	1,473,770
<b>TOTAL LIABILITIES</b>	<b>1,587,716</b>
<b><u>NET ASSETS</u></b>	
Debt service	376
Capital projects	98,024
Unrestricted	(1,538,583)
<b>TOTAL NET ASSETS</b>	<b>(1,440,183)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 147,533</b>

See accompanying notes to basic financial statements.

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

## Statement of Activities

For the year ended June 30, 2004

Functions/Programs	Expenses	Operating grants and contributions	Governmental activities
<b>PRIMARY GOVERNMENT EXPENSES</b>			
Public works	\$ 29,402	\$ -	\$ (29,402)
Community and economic development	98,823	119,809	20,986
Capital outlay	119,683	-	(119,683)
Interest on long-term debt	83,512	-	(83,512)
<b>Total Governmental activities</b>	<b>\$ 331,420</b>	<b>\$ 119,809</b>	<b>(211,611)</b>

### General Revenues

Property taxes	217,618
Unrestricted investment income	3,482
Miscellaneous	12,097
Transfers to primary government	(5,000)
<b>Total general revenues - special items and transfers</b>	<b>228,197</b>

<b>Change in net assets</b>	<b>16,586</b>
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<b>Net assets at beginning of year</b>	<b>(1,456,769)</b>
<b>Net assets at end of year</b>	<b>\$ (1,440,183)</b>

See accompanying notes to basic financial statements.

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

Governmental Funds

Balance Sheet

June 30, 2004

	Special Revenue Fund	Debt Service Funds			
	TIFA Fund	1997A	1998A	2003A	2003B
<b>ASSETS</b>					
Cash and cash equivalents	\$ 49,133	\$ 98	\$ 100	\$ 99	\$ 79
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Due to other funds	\$ 136	\$ -	\$ -	\$ -	\$ -
Payroll deductions payable	400	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>536</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Reserved for					
Debt service	-	98	100	99	79
Capital outlay	-	-	-	-	-
Unreserved	48,597	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>48,597</b>	<b>98</b>	<b>100</b>	<b>99</b>	<b>79</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 49,133</b>	<b>\$ 98</b>	<b>\$ 100</b>	<b>\$ 99</b>	<b>\$ 79</b>

See accompanying notes to basic financial statements.

<u>Capital Projects Fund</u>		
<u>TIFA</u>	<u>TIFA-MEDC</u>	<u>Total</u>
\$ 98,024	\$ -	\$ 147,533

\$ -	\$ -	\$ 136
-	-	400
-	-	536

-	-	376
98,024	-	98,024
-	-	48,597
98,024		146,997
\$ 98,024	\$ -	\$ 147,533

See accompanying notes to basic financial statements.

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

## Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

For the year ended June 30, 2004

Total fund balances - total governmental funds	\$	146,997
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at June 30, 2004 were:		
Bonds payable		(1,560,000)
Installment purchase contracts payable		(27,180)
Net assets of governmental activities	\$	(1,440,183)

See accompanying notes to basic financial statements.

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

Governmental Funds

## Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended June 30, 2004

	Special Revenue Fund	Debt Service Funds			
	TIFA Fund	1997A	1998A	2003A	2003B
<b>REVENUE</b>					
Property taxes					
Current real property taxes	\$ 217,618	\$ -	\$ -	\$ -	\$ -
Federal grants					
Michigan Strategic Fund	-	-	-	-	-
Interest and rentals					
Interest	1,469	-	-	-	-
Other revenue					
Other	12,097	-	-	-	-
<b>TOTAL REVENUE</b>	<b>231,184</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>					
Current					
Public works	44,212	-	-	-	-
Debt Service	-	82,020	70,131	10,335	8,969
Capital outlay	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>44,212</b>	<b>82,020</b>	<b>70,131</b>	<b>10,335</b>	<b>8,969</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>186,972</b>	<b>(82,020)</b>	<b>(70,131)</b>	<b>(10,335)</b>	<b>(8,969)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	-	82,020	70,130	10,334	8,968
Transfer out	(176,452)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(176,452)</b>	<b>82,020</b>	<b>70,130</b>	<b>10,334</b>	<b>8,968</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>10,520</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>38,077</b>	<b>98</b>	<b>101</b>	<b>100</b>	<b>80</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 48,597</b>	<b>\$ 98</b>	<b>\$ 100</b>	<b>\$ 99</b>	<b>\$ 79</b>

See accompanying notes to basic financial statements.



<u>Capital Projects Fund</u>		
<u>TIFA</u>	<u>TIFA-MEDC</u>	<u>Total</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,618</u>
<u>-</u>	<u>119,809</u>	<u>119,809</u>
<u>2,013</u>	<u>-</u>	<u>3,482</u>
<u>-</u>	<u>-</u>	<u>12,097</u>
<u>2,013</u>	<u>119,809</u>	<u>353,006</u>
<u>-</u>	<u>-</u>	<u>44,212</u>
<u>-</u>	<u>-</u>	<u>171,455</u>
<u>98,823</u>	<u>119,683</u>	<u>218,506</u>
<u>98,823</u>	<u>119,683</u>	<u>434,173</u>
<u>(96,810)</u>	<u>126</u>	<u>(81,167)</u>
<u>-</u>	<u>-</u>	<u>171,452</u>
<u>-</u>	<u>-</u>	<u>(176,452)</u>
<u>-</u>	<u>-</u>	<u>(5,000)</u>
<u>(96,810)</u>	<u>126</u>	<u>(86,167)</u>
<u>194,834</u>	<u>(126)</u>	<u>233,164</u>
<u>\$ 98,024</u>	<u>\$ -</u>	<u>\$ 146,997</u>

See accompanying notes to basic financial statements.

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended June 30, 2004

Net change in fund balances - total governmental funds	\$ (86,167)
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Amounts reported for governmental activities in the statement of activities are different because:

Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	90,000
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Repayment of contract payable principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	12,753
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Change in net assets of government activities	\$ 16,586
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See accompanying notes to basic financial statements.

## NOTES TO FINANCIAL STATEMENTS

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# **City of East Jordan Downtown Development Authority**

**Charlevoix County, Michigan**

**Notes to Basic Financial Statements**

**For the year ended June 30, 2004**

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## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of East Jordan Downtown Development Authority conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of East Jordan Downtown Development Authority:

### **A. Reporting Entity**

The City of East Jordan Downtown Development Authority was incorporated under the provisions of Act 197, P.A. 1975 as amended (the "DDA Act"). The Authority is organized to collect tax increment revenue and to implement improvements in a designated geographic area of the City of East Jordan. The Authority has a seven member board that is appointed by the City of East Jordan Commission. The Authority is considered a component unit of the City of East Jordan.

### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by property taxes revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Authority has no business-type funds or component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Authority has no proprietary or fiduciary funds.

# **City of East Jordan Downtown Development Authority**

**Charlevoix County, Michigan**

**Notes to Basic Financial Statements**

**For the year ended June 30, 2004**

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## **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The City of East Jordan Downtown Development Authority's property tax is levied on each July 1 on the taxable valuation of property (as defined by State statutes) located in the City of East Jordan Downtown Development Authority as of the preceding December 31st.

Although the City of East Jordan Downtown Development Authority's 2004 ad valorem tax is levied and collectible on July 1, 2003, it is the City of East Jordan Downtown Development Authority's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The government reports the following major governmental funds:

**TIFA Fund Special Revenue Fund,**

**Debt Service Funds:**

1997 Series A

1998 Series A

2003 Series A

2003 Series B

**Capital Project Funds:**

TIFA Capital Projects Fund

TIFA-MEDC Capital Projects Fund

# **City of East Jordan Downtown Development Authority**

**Charlevoix County, Michigan**

## **Notes to Basic Financial Statements**

**For the year ended June 30, 2004**

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Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

### **D. Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments**--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables**--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on July 31, at which time penalties and interest are assessed.

# **City of East Jordan Downtown Development Authority**

**Charlevoix County, Michigan**

## **Notes to Basic Financial Statements**

**For the year ended June 30, 2004**

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**Capital Assets**--Capital assets acquired by the Authority are recorded in the financial statements of the City of East Jordan.

**Long-Term Obligations**--In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activity statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity**--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative Data/Reclassifications**--Comparative total data for the prior year have been presented in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

# **City of East Jordan Downtown Development Authority**

**Charlevoix County, Michigan**

## **Notes to Basic Financial Statements**

**For the year ended June 30, 2004**

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**Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.**

**The Authority normally follows these procedures in establishing the budgetary data reflected in the financial statements:**

**On or before May 1, the City Administrator and the Authority submits to the City Commission, a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them.**

**A public hearing is conducted at the City Hall to obtain taxpayer comments.**

**On or before June 30, the budget is adopted by resolution.**

**The transfer of budgeted amounts between departments within any fund or any revisions that alter the total expenditures of any fund must be approved by the City Commission.**

**Budgeted amounts are presented as originally adopted, or as amended by the City Commission before June 30.**

**Budgets as presented for the TIFA Special Revenue Fund, Debt Service Funds and Capital Project Funds are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.**

**Budgetary amounts reported herein are as originally adopted, or as amended by the City Commission throughout the operating year.**

**The City Commission legally adopts budgets for the TIFA Fund, Debt Service Funds and Capital Project Funds.**

**Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Authority Board.**

**The legal level of control is at the fund expenditure totals for all funds.**

**The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.**

**Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.**



# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2004

## **NOTE 2 - DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the City of East Jordan Downtown Development Authority to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Authority is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The City of East Jordan Downtown Development Authority Board has designated two banks for the deposit of Authority funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The City of East Jordan Downtown Development Authority's deposits and investment policy are in accordance with statutory authority.

At year-end, the Authority's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental activities
Cash and cash equivalents	\$ 147,533

The bank balances of the Authority is pooled with the City of East Jordan. It is not possible to determine the insured amount of the Authority's bank balances.

## **NOTE 3 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Receivable Fund	Payable Fund	Amount
Equipment Fund - City of East Jordan	TIFA Special Revenue Fund	\$ 136

### Interfund Transfers

Transfers In	Transfers Out TIFA Special Revenue Fund
Series 1997A Debt Service Fund	\$ 82,020
Series 1998A Debt Service Fund	70,130
Series 2003A Debt Service Fund	10,334
Series 2003B Debt Service Fund	8,968
City of East Jordan Rehabilitation Fund	5,000
Total	\$ 176,452

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

## Notes to Basic Financial Statements

For the year ended June 30, 2004

### **NOTE 4 - LONG-TERM DEBT**

The Authority issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Authority.

Bond and contractual obligation activity can be summarized as follows:

	Interest rate	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2004	Due within one year
\$915,000 1997 Series A	5.1000 %	\$ 720,000	\$	\$ 45,000	\$ 675,000	\$ 45,000
\$785,000 1998 Series A	4.6250 %	645,000		40,000	605,000	45,000
\$210,000 2003 Series A	4.6500 %	210,000			210,000	
\$75,000 2003 Series B	5.0000 %	75,000		5,000	70,000	10,000
\$85,000 Street Light Contract	5.1500 %	39,933		12,753	27,180	13,410
<b>Totals</b>	<b>%</b>	<b>\$ 1,689,933</b>	<b>\$</b>	<b>\$ 102,753</b>	<b>\$ 1,587,180</b>	<b>\$ 113,410</b>

Annual debt service requirements to maturity for the above obligations are as follows:

Year ended June 30,	Principal	Interest	Total
2005	\$ 113,410	\$ 77,073	\$ 190,483
2006	123,770	71,835	195,605
2007	120,000	65,413	185,413
2008	130,000	59,551	189,551
2009	130,000	53,183	183,183
2010	135,000	46,905	181,905
2011	140,000	40,391	180,391
2012	145,000	33,581	178,581
2013	155,000	26,537	181,537
2014	160,000	19,033	179,033
2015	165,000	11,251	176,251
2016	20,000	3,255	23,255
2017	25,000	2,325	27,325
2018	25,000	1,162	26,162
<b>Totals</b>	<b>\$ 1,587,180</b>	<b>\$ 511,495</b>	<b>\$ 2,098,675</b>

### **NOTE 5 - RISK MANAGEMENT**

The City of East Jordan Downtown Development Authority is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City of East Jordan Downtown Development Authority, as a component unit of the City of East Jordan, participates in the Michigan Municipal Risk Management Authority for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

## **REQUIRED SUPPLEMENTAL INFORMATION**

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# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

TIFA Fund

Balance Sheet

June 30, 2004

	2004	2003
<b><u>ASSETS</u></b>		
Cash	\$ 49,133	\$ 38,218
Due from other funds	-	126
<b>TOTAL ASSETS</b>	<b>\$ 49,133</b>	<b>\$ 38,344</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
Due to other funds	\$ 136	\$ 4
Payroll deductions payable	400	263
<b>TOTAL LIABILITIES</b>	<b>536</b>	<b>267</b>
<b><u>FUND BALANCES</u></b>		
Fund balance	48,597	38,077
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 49,133</b>	<b>\$ 38,344</b>

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

TIFA Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the year ended June 30, 2004 with comparative actual amounts for 2003

	Original budget	Final budget	2004	Variance with final budget	2003
<b>REVENUE</b>					
Taxes					
Current real property taxes	\$ 199,700	\$ 199,700	\$ 217,618	\$ 17,918	\$ 199,624
Interest and rentals					
Interest and dividends	1,500	1,500	1,469	(31)	2,427
Other revenue					
Other	2,500	2,500	12,097	9,597	510
<b>TOTAL REVENUE</b>	<b>203,700</b>	<b>203,700</b>	<b>231,184</b>	<b>27,484</b>	<b>202,561</b>
<b>EXPENDITURES</b>					
Public works					
Salaries and wages	2,050	2,050	2,989	(939)	2,779
Payroll taxes	164	164	218	(54)	230
Supplies	1,200	1,200	3,280	(2,080)	4,620
Contractual services	25,000	25,000	17,963	7,037	31,258
Utilities	1,300	1,300	1,147	153	1,056
Repairs and maintenance	1,000	1,000	1,075	(75)	3,650
Rent	1,000	1,000	1,500	(500)	1,565
Capital outlay	1,500	1,500	1,230	270	12,418
Debt service					
Principal	12,753	12,753	12,753	-	12,129
Interest expense	2,057	2,057	2,057	-	2,681
<b>TOTAL EXPENDITURES</b>	<b>48,024</b>	<b>48,024</b>	<b>44,212</b>	<b>3,812</b>	<b>72,386</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>155,676</b>	<b>155,676</b>	<b>186,972</b>	<b>31,296</b>	<b>130,175</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	(177,856)	(177,856)	(176,452)	1,404	(161,111)
<b>NET CHANGE IN FUND BALANCES</b>	<b>(22,180)</b>	<b>(22,180)</b>	<b>10,520</b>	<b>32,700</b>	<b>(30,936)</b>
<b>Fund balance beginning of year</b>	<b>38,077</b>	<b>38,077</b>	<b>38,077</b>	<b>-</b>	<b>69,013</b>
<b>Fund balance end of year</b>	<b>\$ 15,897</b>	<b>\$ 15,897</b>	<b>\$ 48,597</b>	<b>\$ 32,700</b>	<b>\$ 38,077</b>

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

2003 Series A Debt Service Fund

Balance Sheet

June 30, 2004

	2004	2003
<b><u>ASSETS</u></b>		
Cash	\$ 99	\$ 100
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b><u>FUND BALANCES</u></b>		
Fund balance	\$ 99	\$ 100

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

2003 Series A Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the year ended June 30, 2004 with comparative actual amounts for 2003

	Original budget	Final budget	2004	Variance with final budget	2003
<b><u>EXPENDITURES</u></b>					
Debt service					
Interest	\$ (10,335)	\$ 10,335	\$ 10,335	\$ -	\$ -
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>10,335</b>	<b>(10,335)</b>	<b>(10,335)</b>	<b>-</b>	<b>-</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	10,335	10,335	10,334	(1)	100
<b>NET CHANGE IN FUND BALANCES</b>	<b>20,670</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	<b>100</b>
<b>Fund balance beginning of year</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>-</b>
<b>Fund balance end of year</b>	<b>\$ 20,770</b>	<b>\$ 100</b>	<b>\$ 99</b>	<b>(1) \$</b>	<b>100</b>

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

1997 Series A Debt Service

Balance Sheet

June 30, 2004

	2004	2003
<b><u>ASSETS</u></b>		
Cash	\$ 98	\$ 98
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b><u>FUND BALANCES</u></b>		
Fund balance	\$ 98	\$ 98



# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

1997 Series A Debt Service

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the year ended June 30, 2004 with comparative actual amounts for 2003

	Original budget	Final budget	2004	Variance with final budget	2003
<b><u>EXPENDITURES</u></b>					
Debt service					
Principal	\$ 45,000	\$ 45,000	\$ 45,000	\$ -	\$ 40,000
Interest	36,720	36,720	36,720	-	38,760
Fees	1,000	1,000	300	700	300
<b>TOTAL EXPENDITURES</b>	<b>82,720</b>	<b>82,720</b>	<b>82,020</b>	<b>700</b>	<b>79,060</b>
<b><u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u></b>					
	<b>(82,720)</b>	<b>(82,720)</b>	<b>(82,020)</b>	<b>700</b>	<b>(79,060)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	82,720	82,720	82,020	(700)	78,930
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(130)</b>
<b>Fund balance beginning of year</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>-</b>	<b>228</b>
<b>Fund balance end of year</b>	<b>\$ 98</b>	<b>\$ 98</b>	<b>\$ 98</b>	<b>\$ -</b>	<b>\$ 98</b>

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

1998 Series A Debt Service

Balance Sheet

June 30, 2004

	2004	2003
<b><u>ASSETS</u></b>		
Cash	\$ 100	\$ 101
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b><u>FUND BALANCES</u></b>		
Fund balance	\$ 100	\$ 101

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

1998 Series A Debt Service

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the year ended June 30, 2004 with comparative actual amounts for 2003

	Original budget	Final budget	2004	Variance with final budget	2003
<b><u>EXPENDITURES</u></b>					
Debt service					
Principal	\$ 40,000	\$ 40,000	\$ 40,000	\$ -	\$ 40,000
Interest	29,832	29,832	29,831	1	31,681
Fees	1,000	1,000	300	700	300
<b>TOTAL EXPENDITURES</b>	<b>70,832</b>	<b>70,832</b>	<b>70,131</b>	<b>701</b>	<b>71,981</b>
<b><u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u></b>					
	<b>(70,832)</b>	<b>(70,832)</b>	<b>(70,131)</b>	<b>701</b>	<b>(71,981)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	70,832	70,832	70,130	(702)	71,981
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	<b>-</b>
Fund balance beginning of year	101	101	101	-	101
<b>Fund balance end of year</b>	<b>\$ 101</b>	<b>\$ 101</b>	<b>\$ 100</b>	<b>\$ (1)</b>	<b>\$ 101</b>

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

2003 Series B Debt Service Fund

Balance Sheet

June 30, 2004

	2004	2003
<b><u>ASSETS</u></b>		
Cash	\$ 79	\$ 80
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b><u>FUND BALANCES</u></b>		
Fund balance	\$ 79	\$ 80

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

2003 Series B Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended June 30, 2004 with comparative actual amounts for 2003

	Original budget	Final budget	2004	Variance with final budget	2003
<b><u>EXPENDITURES</u></b>					
Debt service					
Principal	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	\$ -
Interest	3,969	3,969	3,969	-	-
Fees	-	-	-	-	20
<b>TOTAL EXPENDITURES</b>	<b>8,969</b>	<b>8,969</b>	<b>8,969</b>	<b>-</b>	<b>20</b>
<b><u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u></b>					
	<b>(8,969)</b>	<b>(8,969)</b>	<b>(8,969)</b>	<b>-</b>	<b>(20)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	8,969	8,969	8,968	(1)	100
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	<b>80</b>
<b>Fund balance beginning of year</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>-</b>	<b>-</b>
<b>Fund balance end of year</b>	<b>\$ 80</b>	<b>\$ 80</b>	<b>\$ 79</b>	<b>(1) \$</b>	<b>80</b>

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

TIFA Construction Fund

Balance Sheet

June 30, 2004

	2004	2003
<b>ASSETS</b>		
Cash	\$ 98,024	\$ 212,471
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 17,637
<b>FUND BALANCES</b>		
Fund balance	98,024	194,834
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 98,024</b>	<b>\$ 212,471</b>

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

TIFA Construction Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the year ended June 30, 2004 with comparative actual amounts for 2003

	Original budget	Final budget	2004	Variance with final budget	2003
<b><u>REVENUE</u></b>					
Interest and rentals					
Interest and dividends	\$ -	\$ -	\$ 2,013	\$ 2,013	\$ 798
<b><u>EXPENDITURES</u></b>					
Capital outlay	179,683	179,683	98,823	80,860	90,964
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(179,683)</b>	<b>(179,683)</b>	<b>(96,810)</b>	<b>82,873</b>	<b>(90,166)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Bond or note issuance	-	-	-	-	285,000
<b>NET CHANGE IN FUND BALANCES</b>	<b>(179,683)</b>	<b>(179,683)</b>	<b>(96,810)</b>	<b>82,873</b>	<b>194,834</b>
<b>Fund balance beginning of year</b>	<b>194,834</b>	<b>194,834</b>	<b>194,834</b>	<b>-</b>	<b>-</b>
<b>Fund balance end of year</b>	<b>\$ 15,151</b>	<b>\$ 15,151</b>	<b>\$ 98,024</b>	<b>\$ 82,873</b>	<b>\$ 194,834</b>

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

TIFA-MEDC Construction Fund

Balance Sheet

June 30, 2004

	2004	2003
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b>LIABILITIES</b>		
Due to other funds	\$ -	\$ 126
<b>FUND BALANCES</b>		
Fund balance	\$ -	\$ (126)



# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

TIFA-MEDC Construction Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended June 30, 2004 with comparative actual amounts for 2003

	Original budget	Final budget	2004	Variance with final budget	2003
<b>REVENUE</b>					
Federal grants	\$ 422,150	\$ 422,150	\$ 119,809	\$ (302,341)	\$ 315,341
<b>EXPENDITURES</b>					
Capital outlay	421,754	421,754	119,683	302,071	315,467
NET CHANGE IN FUND BALANCES	396	396	126	(270)	(126)
Fund balance beginning of year	(126)	(126)	(126)	-	-
Fund balance end of year	\$ 270	\$ 270	\$ -	\$ (270)	\$ (126)

## OTHER SUPPLEMENTARY INFORMATION

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## LONG-TERM DEBT

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# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

## Schedule of Debt

\$915,000 Downtown Development Bonds, Series 1997A

June 30, 2004

Year End	Interest rate	Principal		Interest		Total
		May 1	November 1	May 1		
2005	5.100%	\$ 45,000	\$ 17,213	\$ 17,213	\$	79,426
2006	5.100%	50,000	16,065	16,065		82,130
2007	5.100%	50,000	14,790	14,790		79,580
2008	5.100%	55,000	13,515	13,515		82,030
2009	5.100%	55,000	12,112	12,112		79,224
2010	5.100%	60,000	10,710	10,710		81,420
2011	5.100%	65,000	9,180	9,180		83,360
2012	5.100%	70,000	7,522	7,522		85,044
2013	5.100%	70,000	5,737	5,737		81,474
2014	5.100%	75,000	3,953	3,953		82,906
2015	5.100%	80,000	2,040	2,040		84,080
Totals		\$ 675,000	\$ 112,837	\$ 112,837	\$	900,674

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

## Schedule of Debt

\$785,000 Downtown Development Bonds, Series 1998A

June 30, 2004

Year End	Interest rate	Principal		Interest		Total
		May 1	November 1	May 1	May 1	
2005	4.625%	\$ 45,000	\$ 13,991	\$ 13,991	\$	72,982
2006	4.625%	45,000	12,950	12,950		70,900
2007	4.625%	50,000	11,909	11,909		73,818
2008	4.625%	50,000	10,753	10,753		71,506
2009	4.625%	55,000	9,597	9,597		74,194
2010	4.625%	55,000	8,325	8,325		71,650
2011	4.625%	55,000	7,053	7,053		69,106
2012	4.625%	55,000	5,781	5,781		66,562
2013	4.625%	65,000	4,509	4,509		74,018
2014	4.625%	65,000	3,006	3,006		71,012
2015	4.625%	65,000	1,503	1,503		68,006
Totals		\$ 605,000	\$ 89,377	\$ 89,377	\$	783,754

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

## Schedule of Debt

\$210,000 Downtown Development Bonds, Series 2003A

June 30, 2004

Year End	Interest rate	Principal		Interest		Total
		May 1	November 1	May 1		
2005	4.650%	\$ -	\$ 4,883	\$ 4,882	\$	9,765
2006	4.650%	-	4,883	4,882		9,765
2007	4.650%	-	4,883	4,882		9,765
2008	4.650%	-	4,883	4,882		9,765
2009	4.650%	20,000	4,883	4,882		29,765
2010	4.650%	20,000	4,418	4,417		28,835
2011	4.650%	20,000	3,963	3,962		27,925
2012	4.650%	20,000	3,488	3,487		26,975
2013	4.650%	20,000	3,023	3,022		26,045
2014	4.650%	20,000	2,558	2,557		25,115
2015	4.650%	20,000	2,083	2,082		24,165
2016	4.650%	20,000	1,628	1,627		23,255
2017	4.650%	25,000	1,163	1,162		27,325
2018	4.650%	25,000	581	581		26,162
<b>Totals</b>		<b>\$ 210,000</b>	<b>\$ 47,320</b>	<b>\$ 47,307</b>	<b>\$</b>	<b>304,627</b>

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

## Schedule of Debt

\$75,000 Downtown Development Bonds, Series 2003B

June 30, 2004

Year End	Interest rate	Principal		Interest		Total
			May 1	November 1	May 1	
2005	5.000%	\$	10,000	\$ 1,750	\$ 1,750	13,500
2006	5.000%		15,000	1,500	1,500	18,000
2007	5.000%		20,000	1,125	1,125	22,250
2008	5.000%		25,000	625	625	26,250
Totals		\$	70,000	\$ 5,000	\$ 5,000	80,000

# City of East Jordan Downtown Development Authority

Charlevoix County, Michigan

## Schedule of Debt

\$85,000 Street Lighting Note

June 30, 2004

Year End	Principal	Interest	Total
2005	\$ 13,410	\$ 1,400	\$ 14,810
2006	13,770	1,040	14,810
Totals	\$ 27,180	\$ 2,440	\$ 29,620



## AUDITORS' REPORTS

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## COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT

To the Board  
City of East Jordan Downtown Development Authority  
Charlevoix County, Michigan

We have audited the general purpose financial statements of the City of East Jordan Downtown Development Authority, Charlevoix County, Michigan for the year ended June 30, 2004, and have issued our report thereon dated December 17, 2004. Professional standards require that we provide you with the following information related to our audit.

### Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated September 21, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the City of East Jordan Downtown Development Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

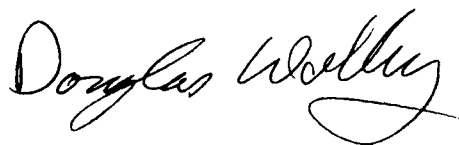
As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City of East Jordan Downtown Development Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of East Jordan Downtown Development Authority are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2004. We noted no transactions entered into by the City of East Jordan Downtown Development Authority during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Authority Board and management of the City of East Jordan Downtown Development Authority and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg CPA  
Byron Center, Michigan  
December 17, 2004

## MANAGEMENT COMMENTS LETTER

To the Board  
City of East Jordan Downtown Development Authority  
Charlevoix County, Michigan

In planning and performing our audit of the financial statements of the City of East Jordan Downtown Development Authority for the year ended June 30, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements.

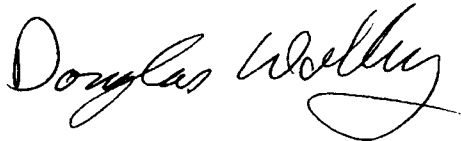
Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the City of East Jordan Downtown Development Authority's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no material weaknesses.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended solely for the information and use of the Board, management, and others within the administration or the State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the June 30, 2004 financial statements, and this report does not affect our report on those financial statements dated December 17, 2004. We have not considered the internal control since the date of our report.



Douglas Wohlberg CPA  
Byron Center, Michigan  
December 17, 2004

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board  
1998 Series A Debt Service  
Charlevoix County, Michigan

We have audited the general purpose financial statements of the City of East Jordan Downtown Development Authority, Charlevoix County, Michigan as of and for the year ended June 30, 2004, and have issued our report thereon dated December 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

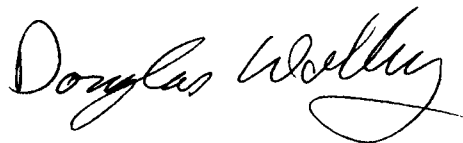
**Compliance**

As part of obtaining reasonable assurance about whether the City of East Jordan Downtown Development Authority's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of East Jordan Downtown Development Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg CPA  
Byron Center, Michigan  
December 17, 2004